

Message Text

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PAGE 01 JAKART 12123 160443Z

43

ACTION EA-09

INFO OCT-01 ISO-00 EB-07 /017 W
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R 160344Z SEP 76
FM AMEMBASSY JAKARTA
TO USDOC WASHDC
INFO AMCONSUL MEDAN
AMCONSUL SURABAYA
SECSTATE WASHDC 6741

UNCLAS JAKARTA 12123

USDOC FOR MEPD

E.O. 11652: N/A

TAGS: BENC, BAGS, ID

SUBJ: MAJOR PROJECT: SIX GOI SUGAR MILLS

REF: STATE 22083, JAKARTA 8189

1. ACCORDING TO DR. RACHMAT, ASSISTANT TO MINAGR, NONE
OF OFFERS FOR SUBJECT MILLS FROM EUROPEAN SUPPLIERS YET ACCEPTABLE AN
D
NEGOTIATIONS ARE CONTINUING. HE DOES NOT ANTICIPATE ANY ANNOUNCEMENT
OF CONTRACT AWARDS BEFORE MID-OCTOBER. RACHMAT TOLD EMBOFF THAT
MINISTER OF AGRICULTURE HAD AUTHORIZED HIM TO NEGOTIATE WITH AMERICAN
CONSORTIA IF HE COULD GET BAPPENAS AND MINFIN APPROVAL. TO DATE, SUCH
APPROVAL HAS NOT BEEN FORTHCOMING.

2. COMMENT: IT APPEARS FROM RACHMAT'S STATEMENT THAT NEGOTIATIONS
WITH EUROPEANS HAVE STILL NOT PRODUCED OFFERS FROM THEM WHICH ARE TEC
H-
NICALLY SATISFACTORY AND/OR HAVE AN ACCEPTABLE PRICE AND FINANCING
PACKAGE. IT ALSO APPARENT THAT FOR THIS REASON DEPT. OF AGR. WOULD
LIKE TO ADD AMERICANS TO NEGOTIATIONS, BUT BAPPENAS/
MINFIN REMAIN OPPOSED BECAUSE OF THEIR KNOWN RELUCTANCE
TO USE EXIM BANK EXCEPT FOR THOSE COMMODITIES AND PROJECTS
WHERE U.S. HAS UNIQUE SUPPLY POSITIONS. IT IS LIKELY
THAT MID-OCTOBER DATE FOR ANNOUNCING CONTRACTS MAY SLIP
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AND THAT, BECAUSE OF BUDGETARY CONSTRAINTS, ONLY 2-3 MILLS

MAY BE AWARDED, WHILE NEGOTIATIONS WOULD CONTINUE ON
OTHERS. POSSIBILITY ALSO EXISTS THAT GOI/EXIM RELATIONSHIP
MAY IMPROVE AFTER LATTER'S PROPOSED VISIT TO INDONESIA LATE
THIS YEAR. GIVEN ALL OF FOREGOING, EMBASSY RECOMMENDS ARKEL
AND KATY FULTON APPLY FOR EXTENSION OF EXIM PRIOR
COMMITMENT BEYOND SEPTEMBER 30 TO END OF YEAR. END
COMMENT.
NEWSOM

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